

PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

PAAB Docket No. 2015-007-00037A

Parcel No. 8811-08-251-001

Ralph (Margaret) Kraus and Duane Kraus,

Appellants,

v.

Black Hawk County Board of Review,

Appellee.

Introduction

This appeal came on for written consideration before the Property Assessment Appeal Board (PAAB) on October 20, 2015. Ralph and Margaret Krause were represented by Duane Kraus under power of attorney and requested their appeal be considered without a hearing. Assistant County Attorney David Mason is counsel for the Black Hawk County Board of Review.

The Krauses are the owners of agriculture property located at 9914 Young Road, Jesup, Iowa. The subject property is 31.62 acres of land with no improvements.

The property's January 1, 2015, assessment was \$87,140. The Krauses protested to the Board of Review claiming there was an error in the assessment under Iowa Code section 441.37(1)(a)(1)(d). They asserted the Corn Suitability Rating (CSR) points used in the assessment were incorrect. The Krauses believed the assessment should be \$25,000. The Board of Review denied the protest. The Krauses then appealed to PAAB.

Findings of Fact

The Krauses submitted no evidence, however, their appeal to PAAB and their documents previously filed with the Board of Review indicate the gist of their claim. The

Krauses believe the assessment is in error because the property is a “borrow pit” from the Highway 20 construction project, wherein the original soil was stripped or borrowed and replaced with less productive soil. They further noted that after the property was used as a borrow pit, it was classified as Class B (Borrow) with a CSR rating of 20. They believe the CSR used in the current assessment predates the installment of Highway 20.

The Board of Review submitted a letter by Assessor TJ Koenigsfeld setting forth the background of the Krauses’ assessment.

Koenigsfeld explains that agricultural land is assessed based on the parcel’s CSR, which provides a relative ranking of all soils mapped in the state of Iowa based on their potential to be utilized for intensive row crop production. He notes that the Department of Revenue adopted the new CSR2 system in 2013, which was developed and is maintained by the Natural Resource Conservation Service (NRCS). The Department mandated all assessors use the CSR2 on or before 2017. It also required assessors to determine if farm ground is tillable or non-tillable as part of the revised valuation system. Iowa Admin. Code r. 701-71.3; IOWA DEPARTMENT OF REVENUE, IOWA REAL PROPERTY APPRAISAL MANUAL 2-25 to 2-34.

Koenigsfeld wrote that Black Hawk County implemented the new CSR2 ratings in the 2015 assessment year, and the Krauses’ current assessment of \$87,140 is based on the new CSR2 rating system. Koenigsfeld reported the majority of the parcel is Marquis Loom soil with a CSR2 rating of 91. (Exhibit 2). He determined that the parcel is currently tilled, getting some yield, and that only 0.12-acres along the waterway is non-tillable. *Id.*

Both Koenigsfeld and the Krauses have contacted the NRCS to request a new survey on the subject parcel to determine whether the CSR2 rating of 91 is correct. If a change is warranted in the CSR2 value, Koenigsfeld plans to make appropriate adjustments in the 2017 assessment.

Conclusions of Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2015). PAAB is an agency and the provisions of the Administrative Procedure Act apply to it. § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB considers only those grounds presented to or considered by the Board of Review, but determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. §§ 441.37A(1)(a-b). New or additional evidence may be introduced, and PAAB considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); see also *Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a). However, the taxpayer has the burden of proof. § 441.21(3). This burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Richards v. Hardin County Bd. of Review*, 393 N.W.2d 148, 151 (Iowa 1986).

The Krauses contend there is an error in their assessment under section 441.37(1)(a)(1)(d). Section 441.37(1)(a)(1)(d) is not limited solely to clerical or mathematical errors, but includes other claims of error. Iowa Admin. Code r. 701-71.20(4)(b)(4) (noting improper classification also constitutes an error).

Iowa Code section 441.21(1)(e) provides that agricultural real estate be assessed by giving exclusive consideration to its productivity and net earning capacity. In determining the productivity and net earning capacity of agricultural real estate, the assessor is required to use available data from Iowa State University, the Iowa crop and livestock reporting service, the Department of Revenue, the IOWA REAL PROPERTY APPRAISAL MANUAL, and to consider the results of a modern soil survey, if completed. § 441.21(1)(f); Iowa Admin. Code r. 701-71.3. The parcel at issue carries an agricultural classification, which requires it be valued using the set formula. See Iowa Admin. Code r. 701-71.3, 701-71.12. The Assessor's Office is also required to determine which portion of the property qualifies as non-cropland and make adjustments to non-cropland in future years. R. 701-71.3(1)(b-c).

Koenigsfeld explained the assessment of the Krauses' property in the letter the Board of Review submitted. The Krauses offered no evidence show that the designation of tillable/non-tillable ground is inaccurate, or that the current valuation based on the CSR2 rating results an error.


Order

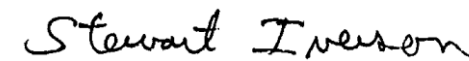
IT IS THEREFORE ORDERED that the Black Hawk County Board of Review's action is affirmed.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2015). Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action. Any judicial action challenging this Order shall be filed in the district court where the property is located within 20 days of the date of this Order and comply with the requirements of Iowa Code sections 441.38; 441.38B, 441.39; and Chapter 17A.

Dated this 9th day of November, 2015.


Jacqueline Rypma, Presiding Officer


Karen Oberman, Board Member


Stewart Iverson, Board Chair

Copies to:

David Kraus

David Mason